

ASSEMBLY BILL

No. 2503

Introduced by Assembly Member Mullin

February 23, 2006

An act to add Sections 6537 and 65583.3 to the Government Code, relating to housing.

LEGISLATIVE COUNSEL'S DIGEST

AB 2503, as introduced, Mullin. Affordable housing.

Existing law requires that a redevelopment agency allocate 20% of tax-increment revenues for housing available at affordable housing cost.

Existing law provides that 2 or more public agencies, as defined, by agreement may jointly exercise any power common to the contracting parties. Existing law also requires the legislative body of each county and city to adopt a comprehensive, long-term general plan for the physical development of the county or city consisting of various elements such as a housing element.

This bill would authorize cities, counties, and cities and counties to enter into a joint powers agreement to form an affordable housing pooling arrangement for the acquisition, construction, or development of housing that is affordable to lower income families, as defined, within the jurisdiction of the joint powers agency, created by the agreement. The bill would specify how the public agencies may contribute funds to a housing trust fund of the joint powers agency and how the funds may be used. The bill would similarly authorize a local government to include in its housing element a program that establishes a housing trust fund for the same purposes and subject to similar conditions.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 6537 is added to the Government Code,
2 to read:
3 6537. (a) Cities, counties, and cities and counties may enter
4 into a joint powers agreement to form an affordable housing
5 pooling arrangement for the acquisition, construction, or
6 development of housing that is affordable to lower income
7 families within the jurisdiction of the joint powers agency. For
8 purposes of this section, “lower income families” is defined as
9 provided in by Section 50079.5 of the Health and Safety Code.
10 The parties to the agreement may provide all of the following:
11 (1) That contributions from the treasuries may be made for the
12 purpose set forth in the agreement.
13 (2) That payments of public funds may be made to defray the
14 cost of that purpose.
15 (3) That advances of public funds may be made for the
16 purpose set forth in the agreement, and that the advances shall be
17 repaid as provided in the agreement.
18 (4) That personnel, equipment, or property of one or more of
19 the parties to the agreement may be used in lieu of other
20 contributions or advances.
21 The parties to the agreement also may provide that if a party
22 agrees to accept a portion of another party’s regional housing
23 allocation received pursuant to Section 65584, this agreement
24 may be used in lieu of other contributions or advances. On or
25 before June 30 of each fiscal year, the treasurer designated in the
26 joint powers agreement pursuant to Section 6505.5 or Section
27 6505.6 shall report the amount of each party’s contribution
28 pursuant to this subdivision.
29 (b) A joint powers agency created pursuant to this section shall
30 hold all funds collected for the acquisition, construction, or
31 development of housing that is affordable to lower income
32 families, including funds received pursuant to subdivision (i), in
33 a separate Housing Trust Fund, as established in the agreement
34 no later than June 30, 2013, until used. Any interest earned by the
35 fund and any repayments or other income to the joint powers

1 agency for loans, advances, or grants, of any kind from the fund,
2 shall accrue to and be deposited in, the fund and may only be
3 used in the manner prescribed for the fund in this section and in
4 the joint powers agreement entered into pursuant to subdivision
5 (a).

6 (c) Eighty percent of the moneys in the Housing Trust Fund
7 established pursuant to the agreement shall be used to the
8 maximum extent possible to defray the costs of production,
9 improvement, and preservation of housing that is affordable to
10 lower income households and the amount of money spent for
11 planning and general administrative activities associated with the
12 development, improvement, and preservation of that housing not
13 be disproportionate to the amount actually spent for the costs of
14 production, improvement, or preservation of that housing.
15 Housing that is affordable to lower income households may
16 include housing developed in conjunction with a mixed-use
17 development that includes both commercial and residential uses.

18 (d) Twenty percent of the moneys in the Housing Trust Fund
19 may be used to the maximum extent possible to defray the costs
20 of construction, maintenance, and improvement of public
21 facilities that benefit housing funded by the Housing Trust Fund.
22 The public facilities include, but are not limited to, streets,
23 sanitary sewer, water treatment and delivery, and parks and other
24 recreation facilities.

25 (e) The joint powers agency formed pursuant to subdivision
26 (a) shall adopt a plan for the expenditure of all moneys in the
27 Housing Trust Fund. The plan may be general and need not be
28 site specific, but shall include objectives respecting the number
29 and type of housing to be assisted, identification of the entities
30 which will administer the plan, alternative means of ensuring the
31 affordability of housing units for the longest feasible time, and a
32 schedule by fiscal year for the expenditure of the funds.

33 (f) For each interest in real property acquired using moneys in
34 the Housing Trust Fund, the joint powers agency shall, within
35 five years from the date it first acquires the property interest for
36 the development of housing, initiate activities consistent with the
37 development of the property for that purpose. These activities
38 may include, but are not limited to, zoning changes or
39 agreements entered into for the development and disposition of
40 the property.

(g) Notwithstanding any other provision of law, in the first fiscal year following the creation of a joint powers agency pursuant to this section and in each fiscal year thereafter until the dissolution of the agency, the total amount of ad valorem property tax revenue otherwise required to be allocated to a county's Educational Revenue Augmentation Fund shall be reduced by the housing adjustment amount. The housing adjustment amount shall be deposited in the Housing Compensation Fund that shall be established in the treasury of each county.

(h) For purposes of this section the "housing adjustment amount" means the combined total amount of revenue deposited into the Housing Trust Fund pursuant to subdivision (b) for that fiscal year by each of the parties to the joint powers agreement entered into pursuant to subdivision (a). The housing adjustment amount shall not exceed the Annual Educational Revenue Augmentation Fund Amount. For purposes of this section, the "Annual Educational Revenue Augmentation Fund Amount" means the difference between the combined total amount of ad valorem property tax revenue allocated to a county's Educational Revenue Augmentation Fund on behalf of each of the parties to joint powers agreement in the prior fiscal year and the combined total amount of ad valorem property tax revenue otherwise required to be allocated to a county's Educational Revenue Augmentation Fund in the fiscal year in which the deposit is made pursuant to subdivision (g).

(i) In the first fiscal year in which the housing adjustment amount is deposited in the Housing Compensation Fund, and in each fiscal year thereafter, the county auditor shall distribute the revenue in the Housing Compensation Fund by augmenting the allocation of property tax revenues to each party to the joint powers agreement apportioned pursuant to Section 96.1 of the Revenue and Taxation Code by an amount equal to that party's contribution to the Housing Trust Fund pursuant to subdivision (a).

(j) The joint powers agreement shall provide for strict accountability for all funds and report of all receipts and disbursements as required by Section 6505.

(k) On or before June 30 of each fiscal year, a county auditor shall report to the Controller the amount of revenue deposited

1 into the Housing Compensation Fund pursuant to a joint powers
2 agreement formed pursuant to subdivision (a).

3 SEC. 2. Section 65583.3 is added to the Government Code, to
4 read:

5 65583.3. (a) A local government may include a program in
6 its housing element that establishes a Housing Trust Fund no
7 later than June 30, 2013, for the acquisition, construction, or
8 development of housing that is affordable to lower income
9 families within the jurisdiction of the local government and
10 requires the local government to make a contribution of money
11 or real property to the Housing Trust Fund annually. For
12 purposes of this section, "lower income families" shall be
13 defined by Section 50079.5 of the Health and Safety Code. Any
14 interest earned by the fund and any repayments or other income
15 to the local government for loans, advances, or grants, of any
16 kind from the fund, shall accrue to and be deposited in, the fund
17 and may only be used in the manner prescribed for the fund in
18 this section and in the local government's housing element.

19 (b) Eighty percent of the moneys in the Housing Trust Fund
20 shall be used to the maximum extent possible to defray the costs
21 of production, improvement, and preservation of housing that is
22 affordable to lower income households and the amount of money
23 spent for planning and general administrative activities
24 associated with the development, improvement, and preservation
25 of that housing not be disproportionate to the amount actually
26 spent for the costs of production, improvement, or preservation
27 of that housing. Housing that is affordable to lower income
28 households may include housing developed in conjunction with a
29 mixed-use development which includes both commercial and
30 residential uses.

31 (c) Twenty percent of the moneys in the Housing Trust Fund
32 may be used to the maximum extent possible to defray the costs
33 of construction, maintenance, and improvement of public
34 facilities that benefit housing funded by the Housing Trust Fund.
35 The public facilities may include, but are not limited to, streets,
36 sanitary sewer, water treatment and delivery, and parks and other
37 recreation facilities.

38 (d) The local government shall adopt a plan for the
39 expenditure of all moneys in the Housing Trust Fund. The plan
40 may be general and need not be site specific, but shall include

1 objectives respecting the number and type of housing to be
2 assisted, identification of the entities which will administer the
3 plan, alternative means of ensuring the affordability of housing
4 units for the longest feasible time, and a schedule by fiscal year
5 for the expenditure of the funds.

6 (e) For each interest in real property acquired using moneys in
7 the Housing Trust Fund, the local government shall, within five
8 years from the date it first acquires the property interest for the
9 development of housing, initiate activities consistent with the
10 development of the property for that purpose. These activities
11 may include, but are not limited to, zoning changes or
12 agreements entered into for the development and disposition of
13 the property. If these activities have not been initiated within this
14 period, the board of directors of the joint powers agency may, by
15 resolution extend the period during which the agency may retain
16 the property for one additional period not to exceed five years.

17 (f) Notwithstanding any other provision of law, in the first
18 fiscal year following the adoption of a housing element which
19 establishes a Housing Trust Fund and in each fiscal year
20 thereafter until the fiscal year in which a revision of the housing
21 element is required pursuant to subdivision (e) of Section 65588,
22 the total amount of ad valorem property tax revenue otherwise
23 required to be allocated to a county's Educational Revenue
24 Augmentation Fund shall be reduced by the housing adjustment
25 amount. The housing adjustment amount shall be deposited in the
26 Housing Compensation Fund that shall be established in the
27 treasury of each county on behalf of the local government that
28 establishes a Housing Trust Fund pursuant to subdivision (a).

29 (g) For purposes of this section, the housing adjustment
30 amount means the amount of revenue deposited in a Housing
31 Trust Fund by the local government pursuant to subdivision (a)
32 for that fiscal year, provided that the housing adjustment amount
33 shall not exceed the Annual Educational Revenue Augmentation
34 Fund Amount. For purposes of this section, the "Annual
35 Educational Revenue Augmentation Fund" Amount means the
36 difference between the amount of ad valorem property tax
37 revenue allocated to a county's Educational Revenue
38 Augmentation Fund on behalf of that local government in the
39 prior fiscal year and the amount of ad valorem property tax
40 revenue otherwise required to be allocated to a county's

1 Educational Revenue Augmentation Fund in the fiscal year in
2 which the deposit is made pursuant to subdivision (f).

3 (h) In the first fiscal year in which the housing adjustment
4 amount is deposited in the Housing Compensation Fund, and in
5 each fiscal year thereafter, the county auditor shall augment the
6 amount of property tax apportioned to that local government
7 pursuant to Section 96.1 of the Revenue and Taxation Code by
8 the housing adjustment amount.

9 (j) The housing element shall provide for strict accountability
10 for all funds and report of all receipts and disbursements from the
11 Housing Trust Fund.

12 (k) On or before June 30 of each fiscal year, a county auditor
13 shall report to the Controller the amount of revenue deposited
14 into the Housing Compensation Fund on behalf of a local
15 government pursuant to this section.